LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6605 **NOTE PREPARED:** Dec 30, 2008
BILL NUMBER: HB 1094 **BILL AMENDED:**

SUBJECT: Valuation Date for Assessments.

FIRST AUTHOR: Rep. Grubb **BILL STATUS:** As Introduced
FIRST SPONSOR:

FUNDS AFFECTED: X **GENERAL** **IMPACT:** State & Local
DEDICATED
FEDERAL

Summary of Legislation: This bill requires that real property be valued for property tax assessment purposes as of the assessment date. It voids rules and guidelines that require assessing officials to value real property on a date that is different from the assessment date to which the value applies. This bill also provides an exemption to the deadlines specified by law for the adoption of certain rules and certain other actions in order to bring the rules and actions into conformity with the change in valuation date.

Effective Date: Upon passage; July 1, 2009.

Explanation of State Expenditures: Under current Department of Local Government Finance (DLGF) rules, the assessed value of real property is based on sales from the two years prior to the assessment date. This bill would require the assessed value to be based on the estimated true tax value on the assessment date.

This bill would void any DLGF rule or guideline that conflicts with the valuation dates in this bill. The bill would allow the DLGF to promulgate new rules and guidelines, and certify appraisers, vendors, and computer systems after the deadlines in current law, but before July 1, 2010.

The DLGF would incur additional expenses in developing new assessment methods that would result in a current valuation estimate. The amount of the expense cannot currently be estimated. More information regarding assessment methods and additional input from the DLGF will need to be gathered before an estimate may be made.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: For taxes payable in 2010, real property assessments would be based on the estimated true tax value as of the assessment date. The valuation would be one to two years more current than under current law.

This proposal could result in delays in setting assessments and certifying levies and tax rates. Currently, the county assessor must certify real and personal property assessments to the county auditor by July 1st each year. The county auditor must then provide a certified estimate of net assessed value to each taxing unit and the DLGF before August 1st of each year. If real property assessments are based on an estimate of the value on March 1st, meeting the certification deadlines might be a challenge depending on the assessment method specified by the DLGF.

The more current assessments would also have an effect on the tax base, tax rates, and circuit breaker credits. When values are on the decline or growth is slow, then the assessed value base will be smaller under this bill than under current law. The smaller AV base would result in higher tax rates. The higher tax rates and lower assessments would then result in higher circuit breaker credits in areas where the circuit breaker has been triggered.

When values are growing at a higher rate, then the assessed value base will be larger under this bill than under current law. The larger AV base would result in lower tax rates. The lower tax rates and higher assessments would then result in lower circuit breaker credits in areas where the circuit breaker has been triggered.

State Agencies Affected: DLGF.

Local Agencies Affected: Township and county assessors

Information Sources:

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